State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

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Executive Director

James W. Carter
Division Director

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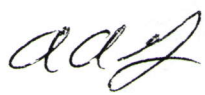Box 145801
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July 9, 1997

TO: James W. Carter, Division Director

FROM: Anthony A. Gallegos, Senior Reclamation Specialist

RE: Request for Acceptance of Replacement Reclamation Sureties, International
            Uranium Corporation (IUC), La Sal/Snowball Mine M/037/026 and
            Rim/Columbus Mine M/037/006, San Juan County, Utah

On June 12, 1997, IUC provided the Division with replacement Reclamation
Contracts and Surety Bonds for the La Sal/Snowball Mine and the Rim/Columbus Mine. These
reclamation sureties were last approved by the Board on January 22, 1997. At that time the form
of reclamation surety for both mines was a Letter of Credit (LOC). The surety amounts at that
time were $165,900 for the La Sal/Snowball Mine and $44,100 for the Rim/Columbus Mine.
IUC contacted the Division prior to replacing these sureties to verify the new surety amount.
Since both these sureties had been updated six months ago to year 2002 dollars, the Division did
not need to adjust the surety amounts. These sureties are now being replaced due to a change in
surety company and surety form. There are no changes to the approved mining and reclamation
plan associated with these replacement sureties.

According to Section IV of the October 23, 1996 Procedure for Release of
Reclamation Surety and Surety Changes, the Division Director is allowed to act on behalf of the
Board for: a change in surety company, a change in surety amount due to an escalation
adjustment, or a change in the name of the operator due to corporate restructuring.

The operator is requesting these changes be made as soon as possible in order to
release the LOC's to avoid a penalty. If you are in agreement with acceptance of these
replacement sureties please sign the enclosed replacement Reclamation Contracts and Surety
Bonds and route them for Board Chairman signature.

jb
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